

SYNOPSIS

Issue 36

MICROMETER

Data as on 31 December 2020





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Acknowledgments

We are thankful to all our members, associates and other institutions who have contributed data for this issue.

Introduction

This is the **36th issue** of the Micrometer and it provides an overview of the microfinance industry as on **31 December 2020 (Q3 FY 2020-21)**. Micrometer has three broad sections as under:

Section I on “**Microfinance Universe**” gives an overview of the portfolio and outreach of microfinance (i.e. micro-credit) industry as on 31 December 2020. This section analyses the Industry wide data sourced from **Equifax**, of various categories of financial institutions engaged in the microfinance space in India. These are NBFC-MFIs, Banks, Small Finance Banks (SFBs), NBFCs and Others (including Non-profit MFIs). Till the 29th issue of Micrometer, ‘**Ever MFI data**’, based on loans originated after January 2014, was being used for analysis. The portfolio originated after February 2017 now constitutes nearly 98% of the Ever MFI data. Therefore, to provide a more realistic and current picture of the progress of Microfinance Universe, from 30th issue onwards, data after February 2017 (which is after the demonetization period) has been used for analysis.

Section II of the micrometer provides detailed analysis of **self reported data** of **NBFC-MFIs (MFIN Primary Members)** up to state level. This includes a comparative analysis with the corresponding quarter of previous fiscal year (Q3 FY 2019-20) and previous quarter (Q2 FY 2020-21). Analysis on NBFC-MFIs is based on data collected from **55 members** that are registered with the Reserve Bank of India (RBI).

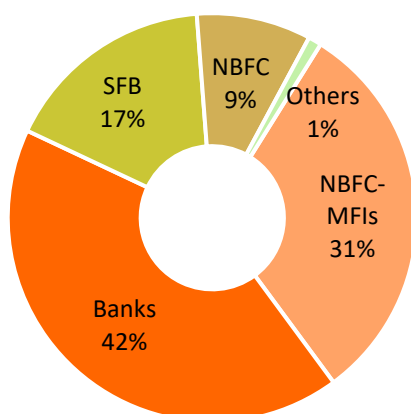
Section III of the report analyses the microfinance operations of **MFIN Associates** that include **NBFCs** and MFIs that operate as Corporate Business Correspondents (**CBCs**) for Banks. This section is based on the data collected from 3 NBFCs and 4 CBCs for Q3 FY 2020-21 and compares it with Q2 FY 2020-21 and Q3 FY 2019-20.

Section I : The Universe

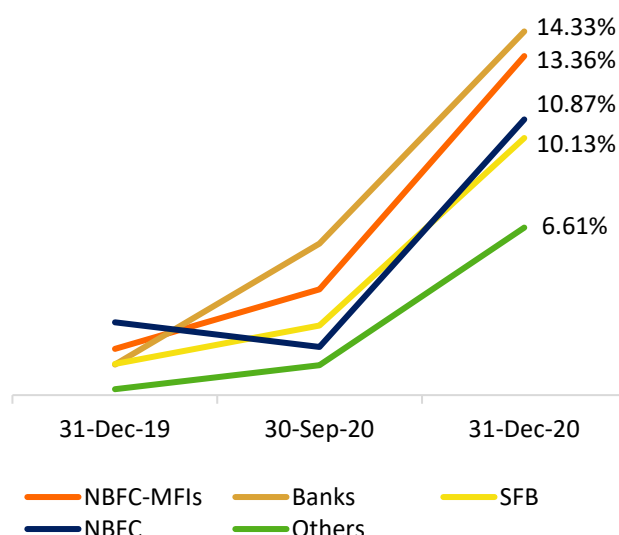
The pie-chart shows share of each peer group in the universe for loan amount outstanding as percentages.

Compared with Q3 FY 19-20, NBFC-MFIs portfolio has increased by 9.0%, Banks have increased by 16.8%, SFBs by 4.8%, NBFCs have decreased by 2.3% and Other MFIs have remained at a similar level showing growth of 0.8% (Based on loans originated after February 2017). As shown in PAR trend graph, PAR>30 has shown an increasing trend for all entities since September 2020 which depicts the impact of pandemic on Microfinance loans. For PAR analysis, delinquencies >180 days have been removed to reflect a true picture of the portfolio quality.

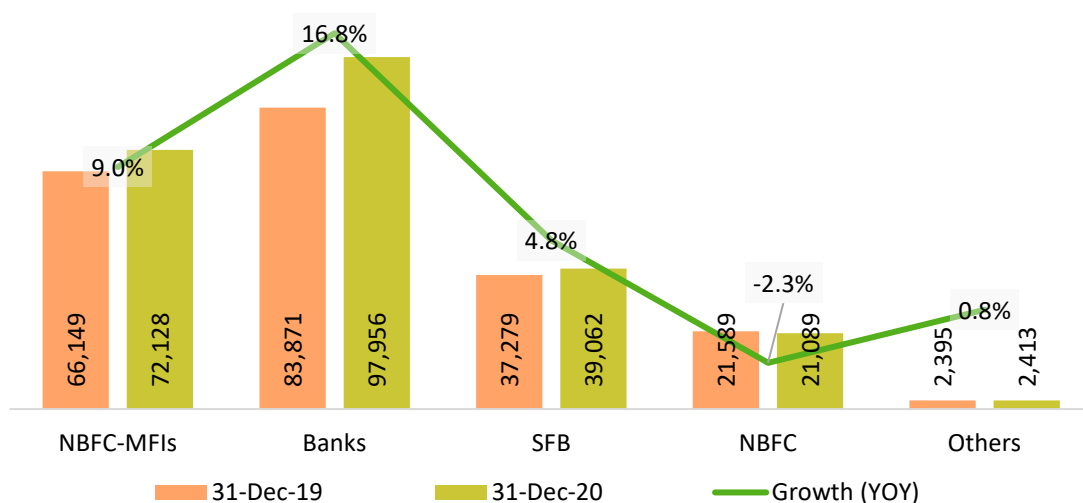
Micro-credit loan outstanding across lenders
31 December 2020



PAR>30 of the various entities

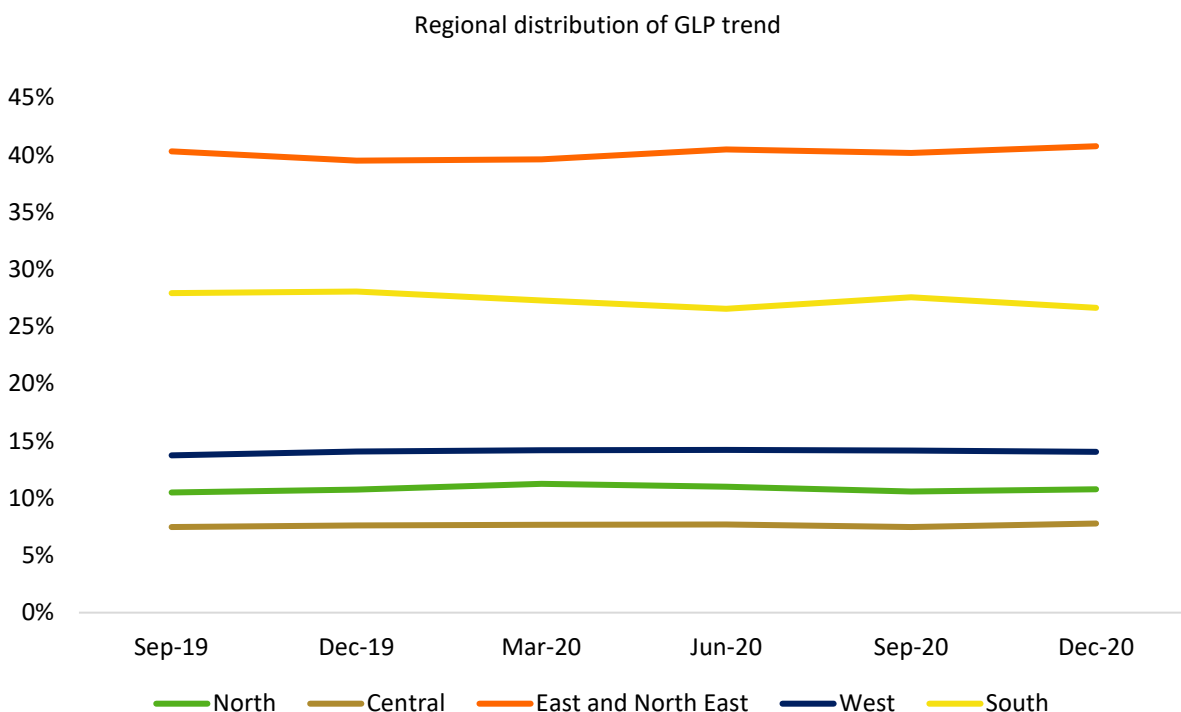
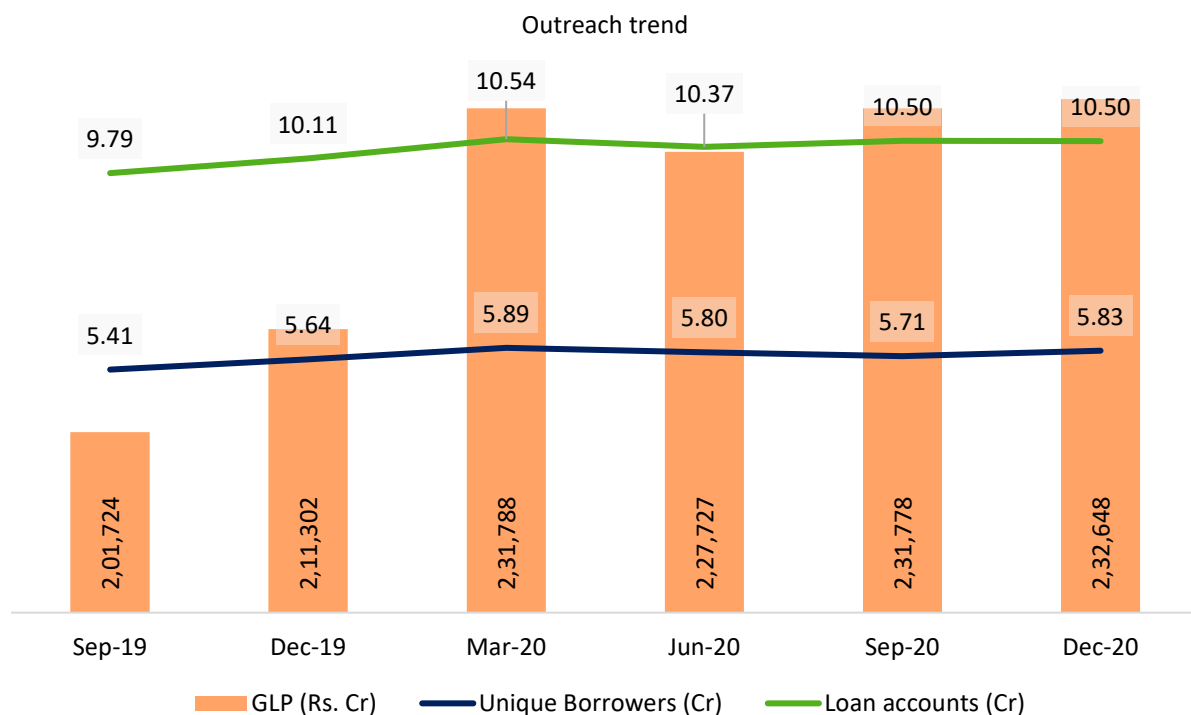


Portfolio outstanding of the microfinance industry (Rs Cr)



Industry trends

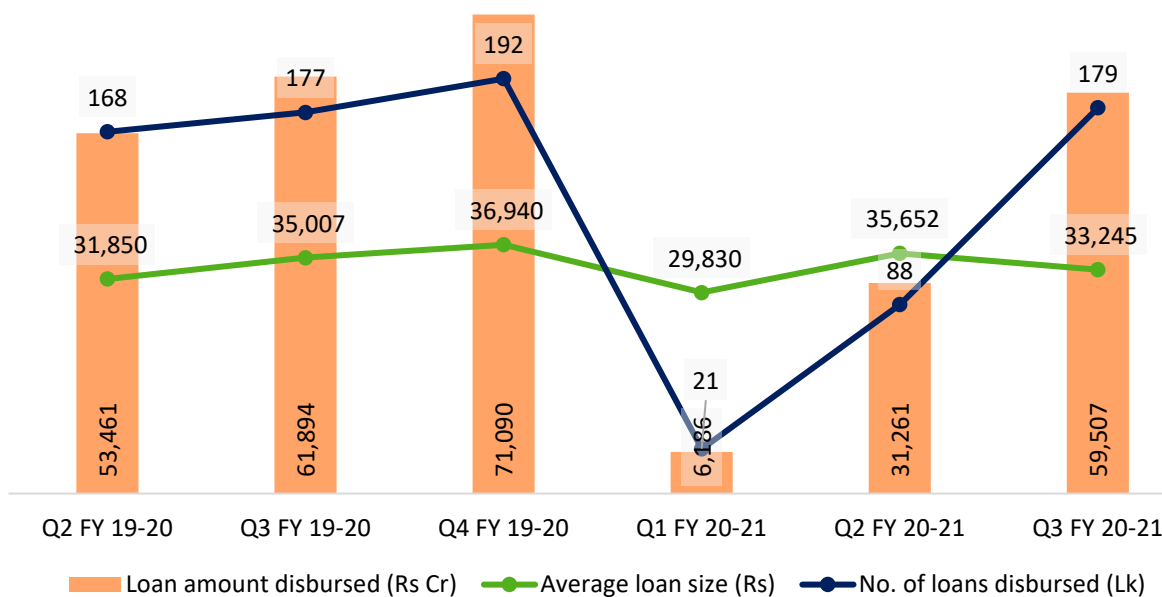
Q2 FY 19-20 to Q3 FY 20-21



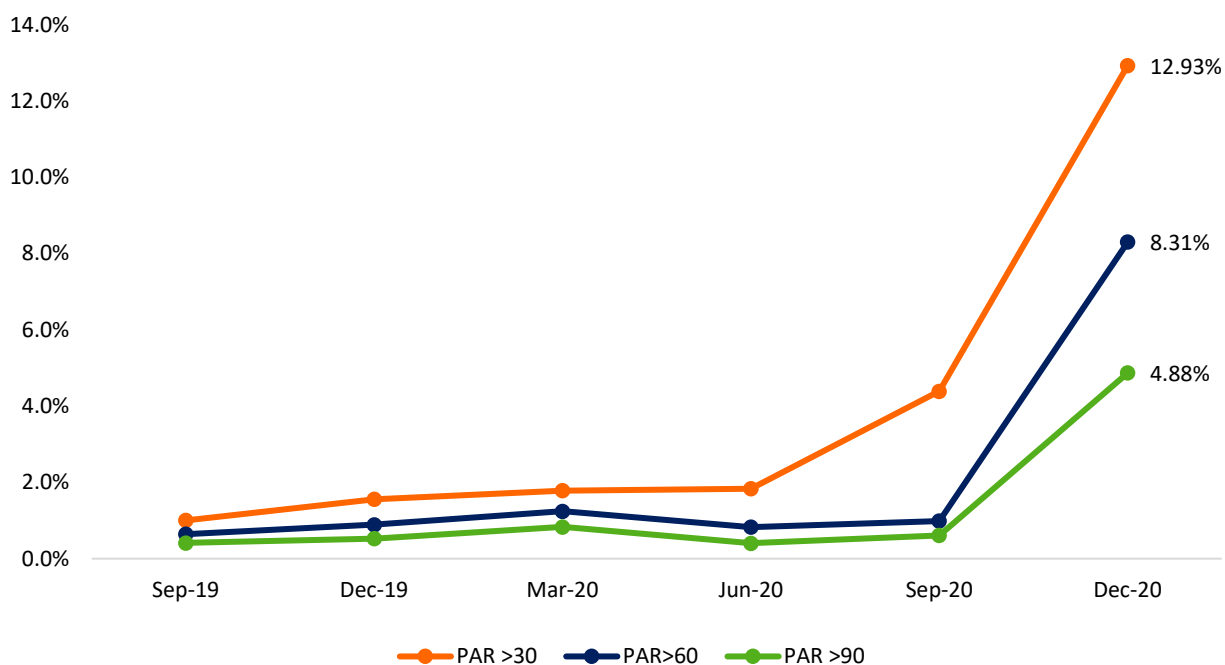
Industry trends

Q2 FY 19-20 to Q3 FY 20-21

Disbursement trend



PAR trend

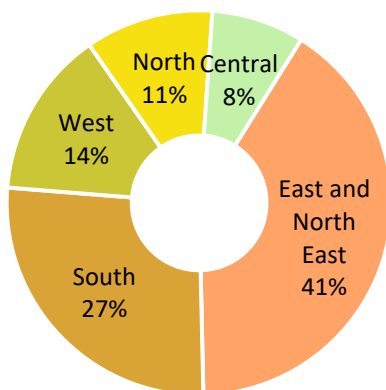


Note: For PAR analysis, delinquencies above 180 days have been removed to reflect a true picture of the portfolio quality.

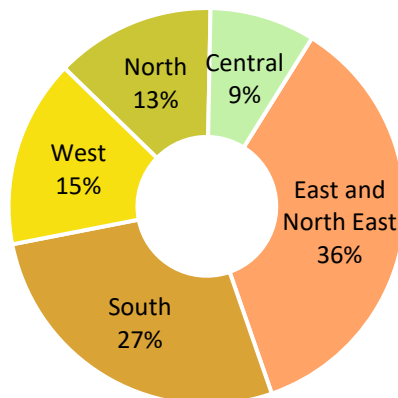
Regional distribution

Since December 2019 about 0.19 Cr unique borrowers have been added. As on 31 December 20, the industry serves 5.83 Cr unique borrowers through 10.50 Cr loan accounts. The regional spread is depicted in the pie-chart below which shows around 68% concentration in East & North East and South regions.

Regional distribution of portfolio
31 December 2020

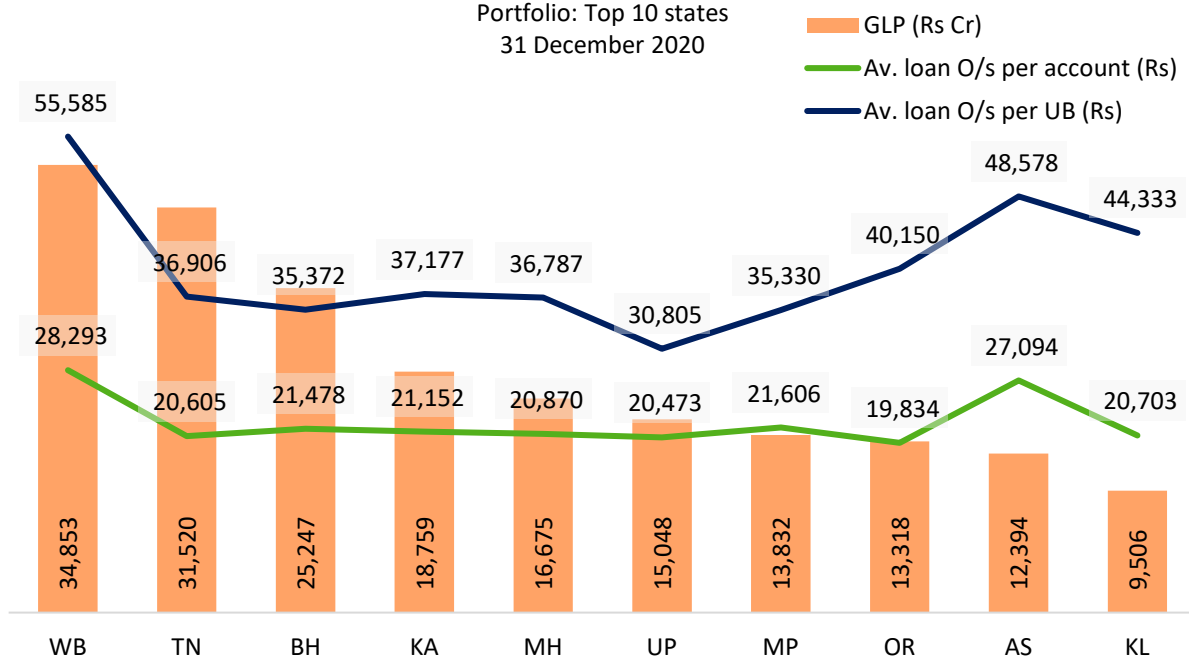


Regional distribution of unique borrowers
31 December 2020



The Top 10 states (based on universe data) constitute 82.16% in terms of GLP. West Bengal has regained its spot as the largest state in terms of portfolio outstanding followed by Tamil Nadu and Bihar. Among Top 10 states, West Bengal has the highest average loan outstanding per unique borrower of Rs 55,585 followed by Assam at Rs 48,578.

Portfolio: Top 10 states
31 December 2020



Section II : NBFC-MFI Highlights

Some highlights of this quarter/ financial year are as under:

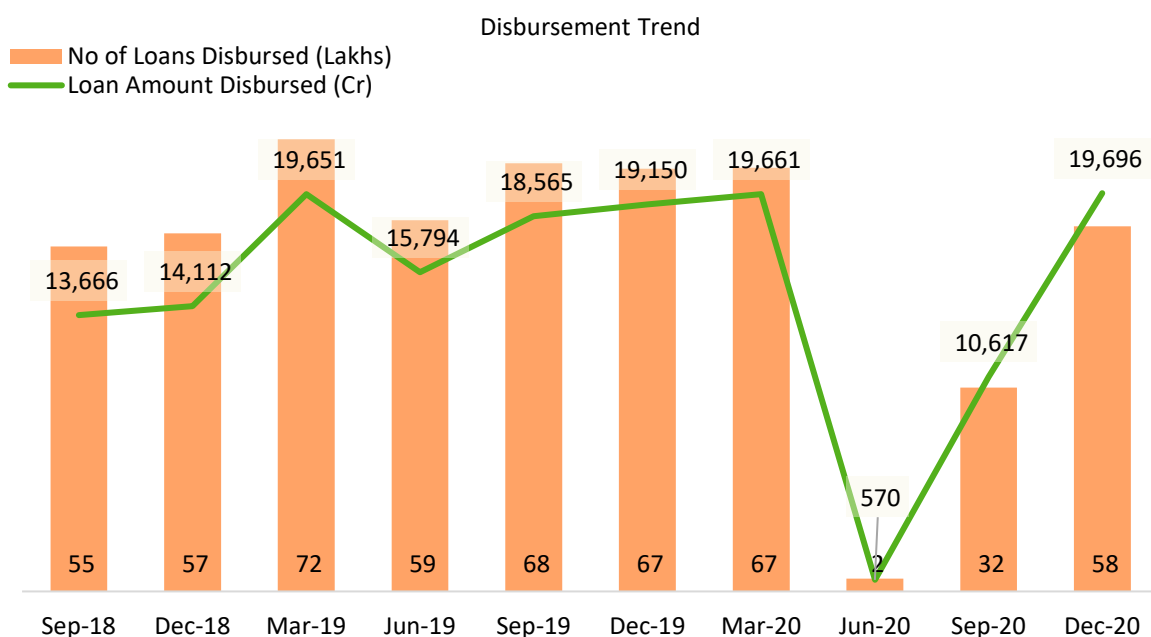
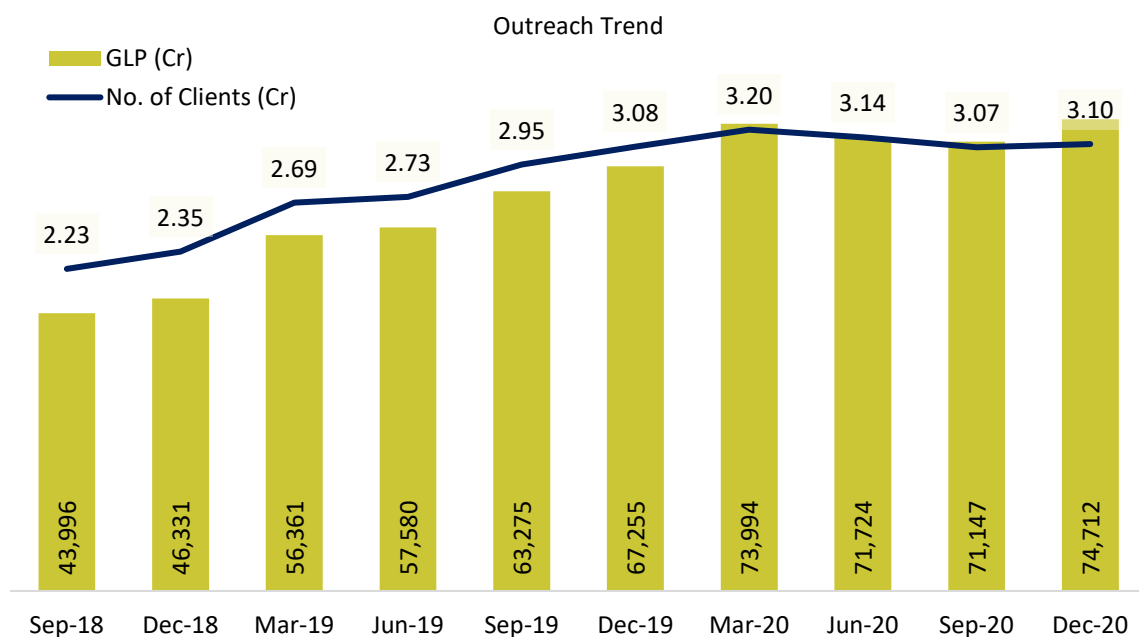
- As of 31 December 2020, **3.10 Cr clients*** have loan outstanding from NBFC-MFIs, which is 0.6% higher than clients as on 31 December 2019.
- The aggregate **GLP** of MFIs is **Rs 74,712 Cr** as on 31 December 2020, including owned portfolio Rs 63,710 Cr and managed portfolio (off BS) of Rs 11,002 cr. The owned portfolio of MFIN members is about 88.3% of the NBFC-MFI universe portfolio of 72,128 Cr.
- On a YoY basis GLP has increased by 11.1% as compared to 31 December 2019 and by **5.0%** in comparison to 30 September 2020.
- Loan amount of **Rs 19,696 Cr** was disbursed in Q3 FY 20-21 through **57.8 Lakhs** accounts, including disbursement of Owned as well as Managed portfolio. This is about 2.9% higher than the disbursements made in Q3 FY 19-20 and 85.5% higher than Q2 FY 20-21 disbursement levels.
- Average loan amount disbursed per account during Q3 FY 20-21 was **Rs 34,070** which is an increase of around 19.0% in comparison to corresponding quarter of the last financial year.
- As on 31 December 2020, the borrowings O/s were **Rs 58,564 Cr**. Other Banks contributed 35.9% of borrowings O/s followed by 21.2% from Non-Bank entities, 21.1% from Top 5 Banks, 16.7% from AIFIs, 3.2% from External Commercial Borrowings (ECB) and 1.8% from other sources.
- During Q3 FY 20-21, NBFC-MFIs received a total of **Rs 10,876 Cr** in debt funding, which is 0.5% less than Q3 FY 19-20 and 10.4% more as compared to Q2 FY 20-21. Other Banks contributed 40.2% of borrowings O/s followed by 28.6% from Top 5 Banks, 18.3% from Non-Banks entities, 10.4% from AIFIs, 1.6% from External Commercial Borrowings (ECB) and 1.0% from other sources.
- Total equity grew by 16.6% as compared to Q3 FY 19-20 and is at **Rs 18,077 Cr** as on 31 December 2020.
- Portfolio at Risk (PAR)>30 days as on 31 December 2020 is 10.9%. PAR>30 has weakened from 2.42% in the corresponding quarter of last financial year, mainly due to impact of COVID.
- MFIs now have presence in 27 states and 5 union territories.
- In terms of regional distribution of portfolio (GLP), East and North East accounts for 33% of the total NBFC-MFI portfolio, South 27%, West 16%, North 13% & Central contributes 11%.

Indicator	Q3 FY 20-21	Q3 FY 19-20	YoY change (%) Q3 FY 20-21 over Q3 FY 19-20	Q2 FY 20-21
	31-Dec-20	31-Dec-19		30-Sep-20
Branches	14,437	13,755	5.0%	14,080
Employees	1,14,733	1,11,845	2.6%	1,09,521
Clients~ (Cr)	3.10	3.08	0.6%	3.07
Loan accounts (Cr)	3.61	3.69	-2.2%	3.63
Gross Loan Portfolio (Rs Cr)	74,712	67,255	11.1%	71,147
Balance sheet portfolio	63,710	51,017	24.9%	57,270
Loans disbursed (during the quarter, Cr)	0.578	0.67	-13.6%	0.3226
Loan amount disbursed (during the quarter, Rs Cr)	19,696	19,150	2.9%	10,617

**The client's number here is the aggregate of clients of member MFIs. Given some degree of overlaps, it does not reflect the number of 'unique' clients*

NBFC-MFI trends

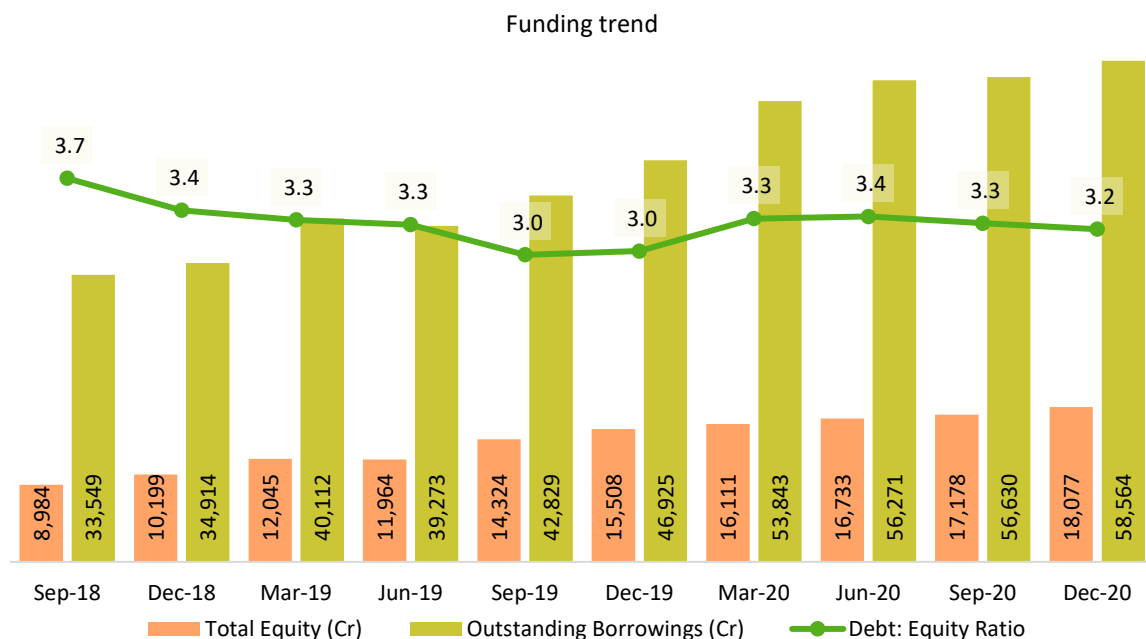
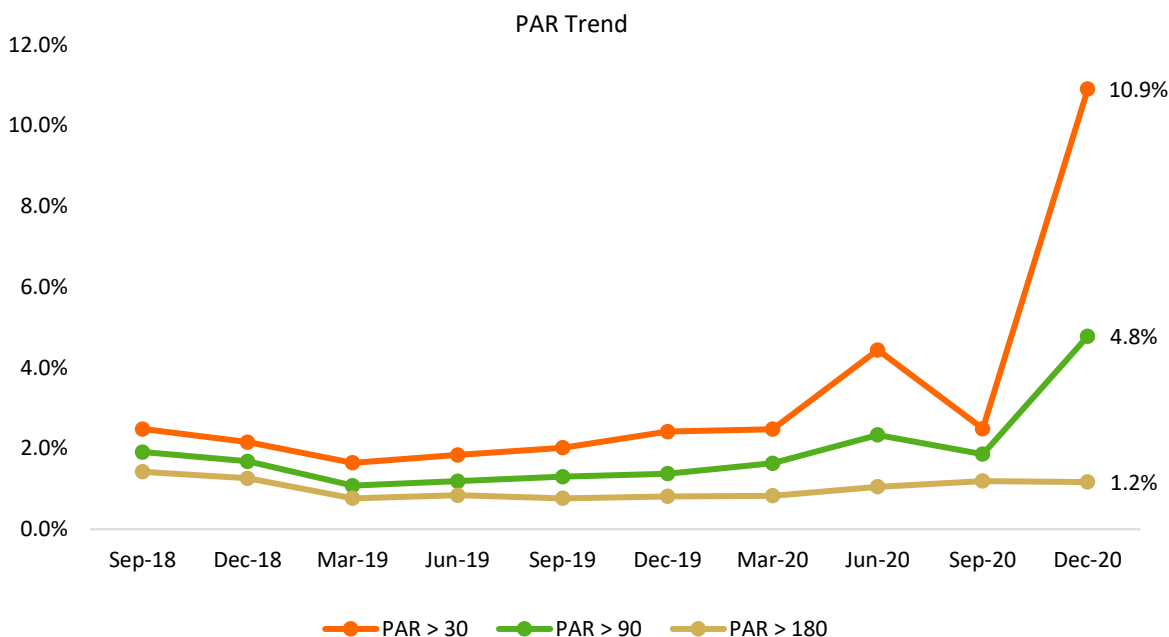
Q2 FY 18-19 to Q3 FY 20-21



*Analysis is based on the data of panel of MFIs in the current quarter

NBFC-MFI trends

Q2 FY 18-19 to Q3 FY 20-21

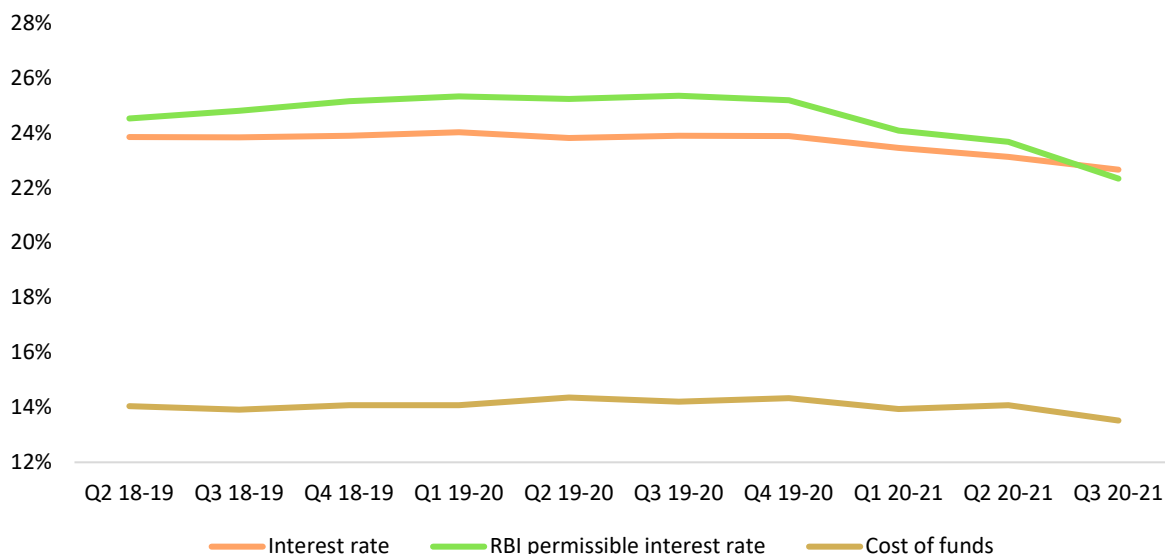


*Analysis is based on the data of panel of MFIs in the current quarter

NBFC-MFI trends

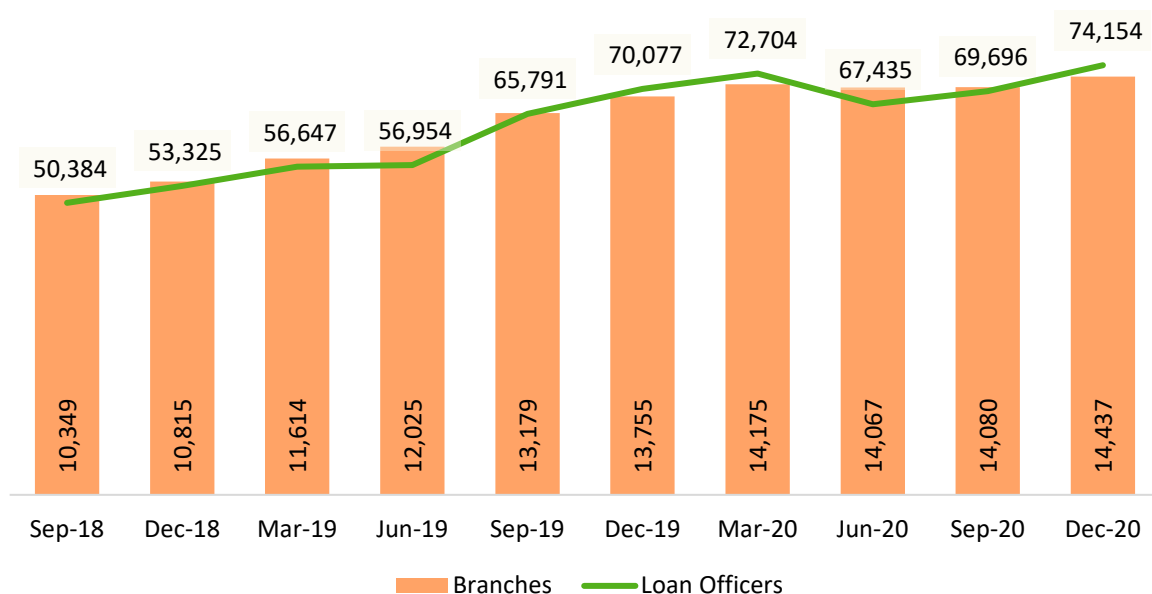
Q2 FY 18-19 to Q3 FY 20-21

Comparison of Interest rates on overall portfolio, quarterly rate prescribed by RBI and cost of funds trend



Note: Interest rate as depicted in the above graph is the weighted average rate of interest charged by Member institutions on existing qualifying loan portfolio outstanding.

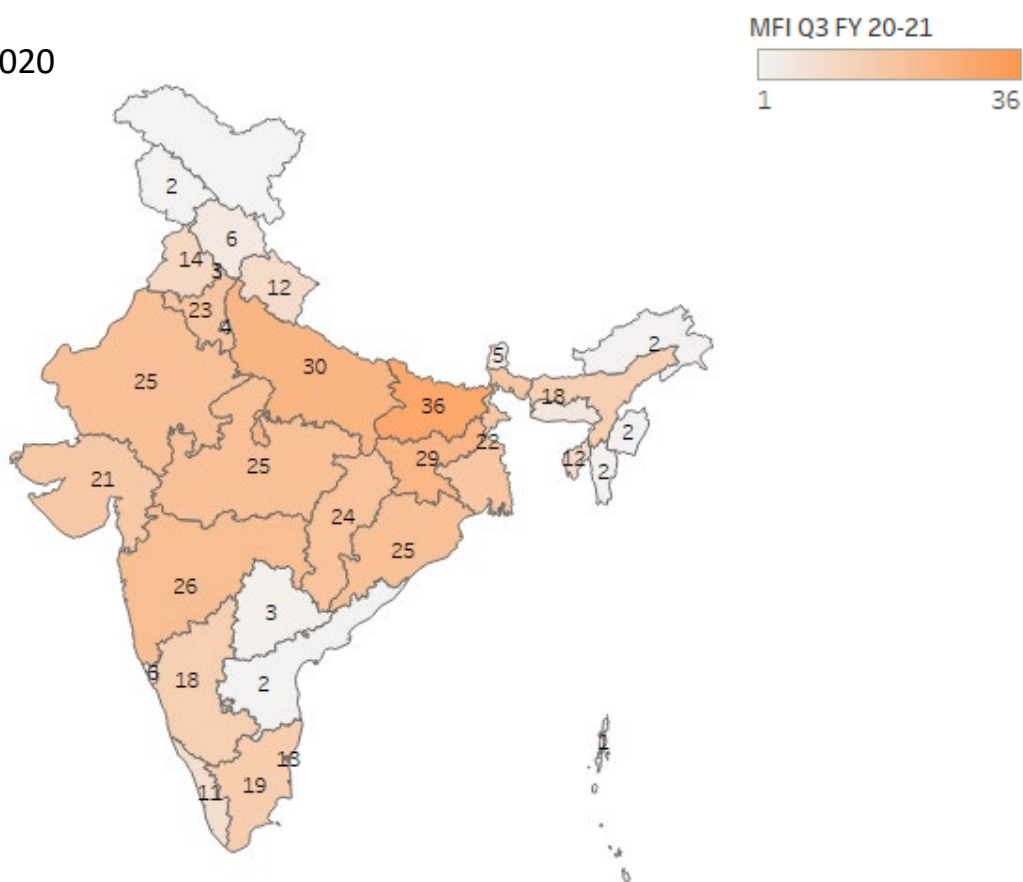
Branch Network



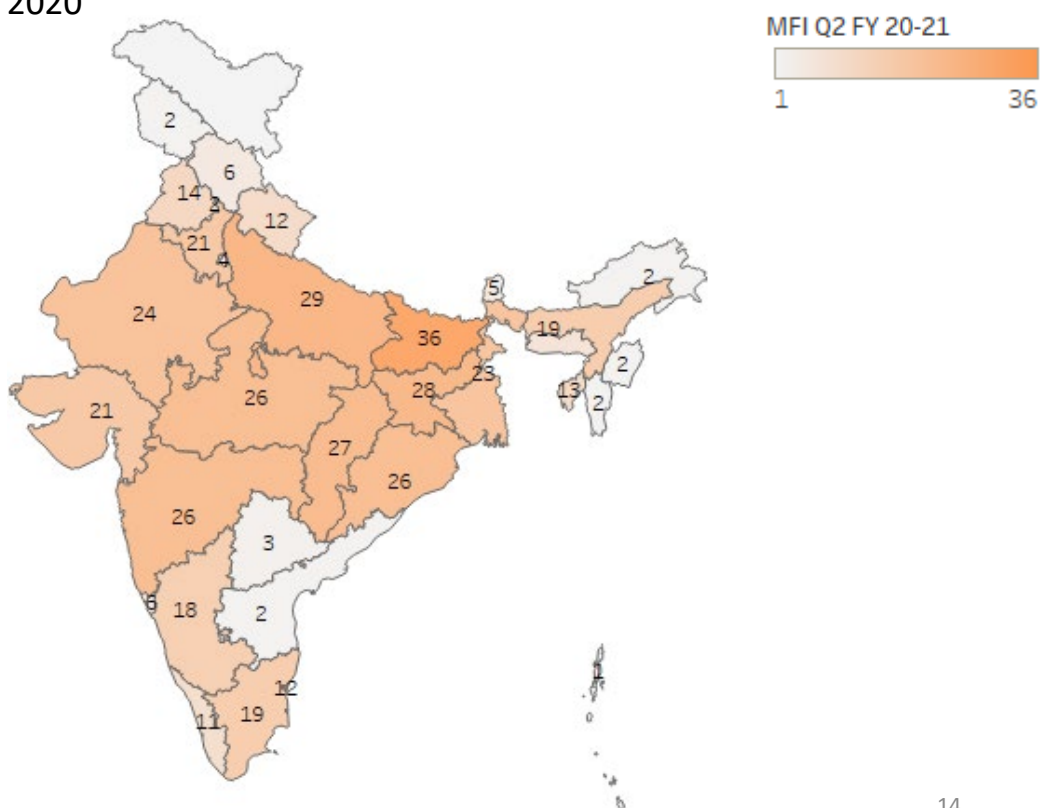
*Analysis is based on the data of panel of MFIs in the current quarter

State wise presence of MFIN Members

31 December 2020



30 September 2020



Section III : Associate Highlights

This section presents highlights of self reported data provided by seven 'Other Lenders' that are MFIN associates including four Corporate Business Correspondents (CBCs) and three NBFCs. The CBCs include Buldana Urban Management Services Pvt Ltd (**Buldana**), Kamal Fincap Pvt Ltd (**Kamal**), SaGgraha Management Services Pvt Ltd (**SaGgraha**), New Opportunity Consultancy Pvt Ltd (**NOCPL**) while the NBFCs include **Dvara KGFS** (Dvara), Friends Capital Services Limited (**FCSL**), and Sampark Fin. Services Private Limited (**Sampark**). Of the NBFCs, Dvara also has an off-balance sheet portfolio. Some highlights for the third quarter of FY 2020-21 are as under:

- As of 31 December 2020, the MFIN Associates were managing **Rs 0.20 Cr** loan accounts with aggregate loan portfolio of **Rs 4,122 Cr** and an **average loan outstanding** per account of **Rs 20,568**. This represents a YoY growth of 10% in portfolio and 8% in loan accounts.
- The contribution of the CBCs to the Associates' GLP as on 31 December 2020 was around 75% (Rs 3,093 Cr).
- The Associates have been able to achieve this outreach through 8,934 employees across 1,200 branches (customer service centres for the CBCs) with operations in **17 states**.
- The **average loan disbursed** per account during Q3 FY 2020-21 was **Rs 33,945**. Overall, the Associates disbursed Rs 915 Cr to 2.7 lakh accounts during this quarter. On a YoY basis this is about 22% lesser than corresponding quarter of last year but compared to previous quarter this number shows a 100% increase.
- Portfolio at Risk (PAR) > 30 as on 31 December 2020 is **9.54%**, an increase from **2.42%** as on 30 September 2020.
- In terms of **regional distribution** of Associates, South accounts for 71% followed by West 11%, East and North East 8% and Central & North 5% each.

Indicator	Q2 FY 20-21	Q1 FY 20-21	QoQ change	Q2 FY 19-20	YoY change
	Dec-20	Sep-20	(%)	Dec-19	(%)
Branches	1,200	1,097	9%	1,060	13%
Employees	8,934	8,042	11%	7,883	13%
Loan accounts (Cr)	0.20	0.19	3%	0.19	8%
Gross Loan Portfolio (Rs Cr)	4,122	3,961	4%	3,733	10%
Loans disbursed (during the quarter, Lk)	2.7	1.4	94%	3.5	-24%
Loan amount disbursed (during the quarter, Rs Cr)	915	457	100%	1174	-22%

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